



**Written Testimony
of
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**Before the
Environment and Public Works Committee
United States Senate**

**In support of
S. 2754 The American Innovation and Manufacturing Act**

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The Environmental Investigation Agency (EIA) appreciates the opportunity to provide written testimony on S. 2754 The American Innovation and Manufacturing Act.

EIA supports this bipartisan legislation to phase down and manage emissions of super-pollutant hydrofluorocarbons (HFCs), which will support technological innovation by U.S. companies to lead in the global market transition to climate-friendly alternatives. Without passage of this or similar legislation, the United States risks being left behind as the rest of the world moves toward energy efficient and climate-friendly technologies.

As an independent non-profit campaigning organization, EIA is dedicated to identifying, investigating, and implementing solutions to the world's most pressing environmental problems. Our campaigns to protect endangered wildlife, forests, and the global climate operate at the intersection between increasing global demand and trade and the accelerating loss of natural resources and species. We work to protect our climate by campaigning eliminate powerful

greenhouse gases and improve energy efficiency in the cooling sector, and exposing related illicit trade. We have undertaken groundbreaking investigations into the illegal trade in fluorinated chemicals since the mid-1990s, and have been closely involved in international ozone and climate negotiations for nearly three decades.

The provisions in S. 2754 and its companion bill H.R. 5544 are designed to replicate the Montreal Protocol's longstanding successful approach to protecting the Earth's ozone layer from previous generations of fluorinated chemicals, chlorofluorocarbons and hydrochlorofluorocarbons. Since its inception in 1987 the Montreal Protocol has set the global ozone layer on a path toward recovery, avoided as much as 1.1°C of Arctic warming, slowed the onset of climate change by as much as 25 percent, and mitigated 135 Gigatons of carbon dioxide equivalent emissions between 1990 and 2010, all while consistently receiving broad support from the business and environmental community.

Unfortunately, the phase-down of ozone depleting substances introduced a new generation of chemicals: HFCs. HFC are super pollutant greenhouse gases that are thousands of times worse for the global climate than the same amount of carbon dioxide. HFCs are the fastest growing source of greenhouse gases in the U.S. and globally. If HFC emissions are allowed to continue increasing, they could contribute half a degree Celsius of additional warming by the end of this century, at a time when science dictates that we make every effort to prevent more than 1.5 degrees Celsius of warming.

Phasing down HFCs continues to have widespread business and environmental support because it will bring both economic as well as environmental benefits. S. 2754 is estimated to create 33,000 new manufacturing jobs and help sustain 138,400 existing jobs, and add \$12.5 billion in manufacturing output to the U.S. economy. This legislation will also bolster the air conditioning, refrigeration and green buildings industry, which is why it receives the support of the Air Conditioning Contractors of America (ACCA), the U.S. Green Building Council, and a list of over 200 engineers and architects as members of Environmental Entrepreneurs.

S. 2754 is also expected to improve the U.S. trade balance in equipment and chemicals by \$12.5 billion. Each year, approximately \$130 to \$170 million worth of bulk HFCs are imported in the U.S. primarily from China. Far more enter the country in pre-filled refrigeration and air-conditioning equipment. S. 2754 will help combat this "dumping" of inferior and environmentally harmful products imported into the U.S. market by foreign companies, which currently undercuts U.S. producers and manufacturers.

EIA wishes to offer some facts and context in our testimony to allay specific concerns raised about the bill. These include claims that it could raise consumer costs, does not provide an essential use exemption before 2034, and does not restrict the action of states through a state preemption clause.

Alternatives already exist for nearly every end-use of HFCs. However, a uniform national HFC phase-down, (note this is not a phase-out) provides maximum flexibility during the transition and allows a continued supply of HFCs for any uses in which they continue to be needed until 2034. The authority granted to EPA to encourage technology transitions including

setting dates for phasing out HFCs in new products for specific end-uses allows for a steady reduction in demand for HFCs in manufacturing new products. Such action will help free up the remaining supply of HFCs for existing equipment and end uses that still require them, thereby eliminating any undue burdens or costs on individual consumers or businesses that want to continue using their existing products containing HFCs. The proposed Bill does not require consumers or businesses to replace existing equipment within a certain timeframe. Instead, it makes the purchase of more climate-friendly products and equipment a viable option once existing systems reach their end-of-life.

In addition to phasing down HFCs and encouraging technology transitions, the bill provides for improved refrigerant management of HFCs, which can help support a steady supply of re-cycled HFCs. By minimizing HFC releases during servicing and increasing recovery and reclaiming of refrigerant at end-of-life, the Bill ensures a continuous supply of HFCs. Recovery and reclamation can help provide a reliable supply of reusable HFCs above the allowed quota during the phase-down. Refrigerant management also reduces costs for end-users by reducing refrigerant consumption to replace leaked refrigerant. For example, the average supermarket participating in EPA's voluntary GreenChill Partnership to reduce refrigerant leaks saves \$2,400 annually per store.

Finally, inclusion of a provision to preempt states is both un-necessary and untenable to our continued support. It is un-needed because S. 2745 would remove the primary impetus for states enacting regulations, which is predominantly the absence of a robust federal program. Throughout the history of Clean Air Act implementation of the Montreal Protocol, a robust federal program has resulted in limited state level regulations. Furthermore, states can and should continue to play an important role in implementation or in filling any gaps or weaknesses in a federal program. States are essential, for example, in adopting revised building codes to enable safe adoption of more climate-friendly refrigerants alternatives. It is critical to continue respecting states' authority to protect their citizens. State preemption would undermine U.S. federalism and weaken bipartisan support and ultimately successful implementation.

EIA would like to thank the Committee on Environment and Public Works for considering this testimony in support of S. 2754.

Sincerely,



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